

EXHIBIT D.1

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, FEBRUARY 1, 2012 AT 7:00PM AT AZALEA HALL,
1620 PICKETT ROAD, MCKINLEYVILLE**

The regular meeting of the Board of Directors of McKinleyville Community Services District convened at 7:00pm with the following Directors and staff in attendance:

Dennis Mayo, Board President
David Couch, Vice-President
John Corbett, Director
Bill Wennerholm, Director

Norman Shopay, General Manager
Gregory Orsini, Operations Director
Sharon Denison, Board Secretary
Jason Sehon, Park & Recreation Director
Russell Gans, Legal Counsel

AGENDA ITEM A-CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE AND ADDITIONS TO THE

AGENDA: At 7:00PM President Mayo called the meeting to order, roll call was taken with Directors Couch and Wennerholm present and Director Edwards and Corbett absent. Director Wennerholm led the pledge of allegiance. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

MOTION: It was moved to approve the agenda. Motion by Wennerholm; second by Couch.

MOTION VOTE: Ayes: Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion Passed-3 AYES; 0 NAYS

AGENDA ITEM C- PUBLIC HEARING-NONE

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Regular Meeting of January 4, 2012
2. Consider approval of minutes of the Continued Meeting of January 5, 2012
3. Consider approval of minutes of the January 17, 2012 Special Board Meeting
4. Consider approval of December 2011 Treasurer's Report
5. DCV Violations this month
6. Consider approval of proposed Hiller Sports Complex youth sports organizations Facility use Agreement Contracts

MOTION: It was moved to approve the consent calendar. Motion by Couch; second by Wennerholm.

MOTION VOTE: Ayes: Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion passed-3 AYES; 0 NAYS

At 7:05PM Director Corbett arrived at the meeting.

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)

AGENDA ITEM E.1-RESOLUTION BARBARA EGBERT’S RETIREMENT: Manager Shopay asked Barbara Egbert to come to the podium for this recognition on the occasion of her retirement. The Board thanked Barbara for her years of service.

MOTION: It was moved to approve Resolution 2012-03 to honor retired employee Barbara Egbert. Motion by Wennerholm; second by Corbett.

MOTION VOTE: ROLL CALL VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.2-RESOLUTION TO HONOR DAVID BALDOSSER FOR 15 YEARS OF SERVICE: General Manager Shopay asked David Baldosser to come up to the podium for this recognition, briefly reviewing his many accomplishments over his fifteen year career. The Board praised Mr. Baldosser for his accomplishment.

MOTION: It was moved to approve Resolution 2012-04 to honor David Baldosser for 15 years of service. Motion by Wennerholm; second by Corbett

MOTION VOTE: ROLL CALL VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.3-WATER AND SEWER RATE ANALYSIS, SECURING THE FUTURE AND INVESTING IN OUR INFRASTRUCTURE: General Manager Shopay reviewed the progress to date, including the items previously approved by the Board at their January meeting. He then introduced Pierce Rossum from Willdan Financial Services who gave a presentation on the rate evaluation process and required steps and timeline. Mr. Rossum reported that there would be a community workshop on February 16th to answer questions and concerns. Three people addressed the Board, two expressing concern with the consultant cost and Prop 218 requirements. One person supported the process as transparent and logical.

MOTION: It was moved to approve a policy of obtaining funding through loans and bonds to fund major water and sewer improvement projects, rather than adopting a pay-as-you go policy for funding. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.4-ACCEPTANCE OF 20-YEAR FACILITIES PLAN: General Manager Shopay briefly reviewed staff’s recommendations prior to welcoming back Lisa Stromme and Mike Veach from SHN Engineers. Lisa gave a brief presentation reviewing the process leading up to the final plan. Three people addressed the Board, one expressing concern that ocean outfall was not considered in depth and two people asking that evaluation of alternate energy be incorporated into the project.

MOTION: It was moved to:

1. Accept the 20-year facility plan dated January 12, 2012;
2. Authorize submission to the RWQCB;
3. Authorize staff to modify and make minor changes in the document as may be required based on RWQCB review and comments;

(In accordance w/Robert’s Rules of Order, 10th edition, Pg. 451, Section 48: “Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members”.)

4. Authorize staff to prepare and issue a Request for Proposal/Qualification for the design element of the proposed upgrades to the Waste Water Management Facility and provide a recommendation to the Board for approval after staff review of the submitted Proposals/Qualification. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS;

AGENDA ITEM E.5-FISCAL YEAR 2010/2011 AUDIT PRESENTATION: General Manager Shopay introduced Kim Windsor and Donna Taylor from Hunter, Hunt & Hunt available tonight to present the final audit report. Ms. Windsor briefly reviewed the results of the audit and reported that they had issued an “unqualified opinion on the District’s financial statements”.

MOTION: It was moved to accept the District’s audited financial statements for the fiscal year ending June 30, 2011. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.6-CONSIDER RENEWAL OF RIGHT OF ENTRY AGREEMENT WITH MCKINLEYVILLE SKATE PARK ORGANIZATION: Park & Recreation Director Sehon briefly reviewed the long history of the project, potential future maintenance costs to the District if built and briefly responded to comments made at the last Board meeting. After a brief Board discussion President Mayo opened public input and 23 people addressed the Board in support of a skateboard park in Pierson Park.

MOTION: It was moved to approve the right of entry agreement and maintenance plan with the McKinleyville Skate Park Organization per staff recommendations, with the following changes;

1. Extend the right of entry for a period of eighteen (18) months;
2. Require the MSPO to submit a progress report to the Park & Recreation Director quarterly;
3. Not encumber the \$25,000 in Quimby Inland Park Dedication Funds;
4. Refer this matter back to the Recreation Advisory Committee for their review, with a report and recommendations to come back to the Board within 90 days. Motion by Corbett; second by Wennerholm.

After additional discussion Director Wennerholm requested a revision to eliminate the requirement that the sign be removed from Pierson Park no later than Friday February 12, 2012. The maker of the motion accepted this amendment.

MOTION VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

A t this time President Mayo announced that after taking public comments the meeting would be adjourned and continued to Thursday, February 2, 2012 at 9:00am at 1656 Sutter Road, McKinleyville. Items to be continued:

AGENDA ITEM E.7-ADOPT RESOLUTIONS TO INITIATE PROCEEDINGS TO COLLECT FY 12/13 MEASURE B ASSESSMENTS;

AGENDA ITEM E.8-BOARD POLICY MANUAL REVISIONS;

AGENDA ITEM E.9-FISCHER RANCH LEASE ADDENDUM;

(In accordance w/Robert’s Rules of Order, 10th edition, Pg. 451, Section 48: “Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members”.)

**AGENDA ITEM E.10-DISCUSSION REGARDING THE PARK & RECREATION MASTER PLAN:
ALL REPORTS.**

AGENDA ITEM G-PUBLIC COMMENTS AND WRITTEN COMMUNICATIONS: At 9:54pm President Mayo opened public comment and the following people addressed the Board:

1. David and Penny Elsebusch expressed outrage at continuing the meeting to another day.
2. Jeff Dunk supported the proposal to raise the Director meeting fee to \$125 and supported 3 paid meetings per month.

President Mayo closed public input with no additional comments received.

AGENDA ITEM I-ADJOURNMENT:

MOTION: At 10:00pm it was moved to adjourn the meeting to be continued Thursday February 2, 2012 at 9:00am at the District office at 1656 Sutter Road, McKinleyville. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Wennerholm, Mayo

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

Respectfully Submitted

Sharon L. Denison,
Board Secretary

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)